

DESOTO HIGH SCHOOL ALUMNI ASSOCIATION
(a non-profit corporation)
Mansfield, Louisiana

Financial Statements

December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/5/07

DeSoto High School Alumni Association
Mansfield., Louisiana

Table of Contents
December 31, 2006

Independent Accountant's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-10
Independent Accountants' Report on Applying Agreed-Upon Procedures	11-14
Summary Schedule of Findings	15-16
Summary Schedule of Prior Year Findings	17
Louisiana Attestation Questionnaire	18-19

WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of
the DeSoto High School Alumni Association
Mansfield, Louisiana

I have reviewed the accompanying statement of financial position of the DeSoto High School Alumni Association (a non-profit corporation) as of December 31, 2006, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. All information included in these financial statements is the representation of the management of the DeSoto High School Alumni Association.

A review consists principally of inquiries of Association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated August 9, 2007, on the results of our agreed-upon procedures.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Shreveport, Louisiana
August 9, 2007

POST OFFICE BOX 5946, SHREVEPORT, LA 71135
PHONE: 318-798-1978 FAX: 318-798-1917

DeSoto High School Alumni Association
Mansfield, Louisiana

Statement of Financial Position
December 31, 2006

ASSETS

Current Assets:

Cash and cash equivalents	\$ 24,185
Prepaid expenses	<u>1,642</u>
Total current assets	25,827

Furniture, Equipment, and Leasehold

Improvements - at cost (net of accumulated depreciation and amortization of \$19,896)	<u>45,007</u>
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Total Assets	<u><u>\$ 70,834</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 520
Accrued expenses	<u>2,357</u>
Total current liabilities	<u>2,877</u>

Net Assets:

Unrestricted net assets:

Undesignated	22,950
Fixed assets	<u>45,007</u>
Total Net Assets	<u>67,957</u>

Total Liabilities and Net Assets	<u><u>\$ 70,834</u></u>
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See accompanying notes and accountant's report.

DeSoto High School Alumni Association
Mansfield, Louisiana

Statement of Activities
For the Year Ended December 31, 2006

PUBLIC SUPPORT AND REVENUES

Memberships	\$ 4,510
Rent of facilities	10,169
Special projects	2,297
Special events	3,613
Contributions	11,286
Grants:	
Corporation for National and Community Service	219,672
Office of Elderly Affairs	12,507
Decentralized Arts Funding Program	3,137
Miscellaneous	<u>1,455</u>
Total Public Support and Revenues	<u>268,646</u>

EXPENSES

Program expenses:	
Foster Grandparent Program	263,859
Administration and general	<u>11,550</u>
Total Expenses	<u>275,409</u>
Change in net assets	(6,763)
Net assets, beginning of year	<u>74,720</u>
NET ASSETS, END OF YEAR	<u><u>\$ 67,957</u></u>

See accompanying notes and accountant's report.

DeSoto High School Alumni Association
Mansfield, Louisiana

Statement of Cash Flows
For the Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (6,763)
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	5,209
Amortization	1,798
Increase in prepaid expenses	(132)
Decrease in accounts payable	(3,976)
Decrease in accrued expenses	(2,688)
Decrease in deferred revenues	(504)
Net Cash Used by Operating Activities	<u>(7,056)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisitions of furniture, equipment, and leasehold improvements	<u>(5,288)</u>
Net Cash Used by Investing Activities	<u>(5,288)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on bank loan	<u>(11,189)</u>
Net Cash Used by Financing Activities	<u>(11,189)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (23,533)

CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR 47,718

CASH AND CASH EQUIVALENTS-END OF YEAR \$ 24,185

Supplemental Disclosure:

Interest Paid \$ 377

See accompanying notes and accountant's report.

NOTES TO THE FINANCIAL STATEMENTS

DeSoto High School Alumni Association
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2006

Introduction:

The Desoto High School Alumni Association (the Association) is a nonprofit corporation organized on July 25, 1994 under the provisions of Louisiana Revised Statute (LRS) 1950, Title 12, Chapter 2, as amended.

All residents of DeSoto Parish and particularly graduates of DeSoto Parish Training School and DeSoto High School are entitled to membership in the Association. The purpose of the Association is to provide quality and innovative educational, recreational, and inspirational programs that further the common good and general welfare of the community and to bring about civic betterments and social improvements. The Association encourages plans and programs calculated to improve living conditions in DeSoto Parish. It is an advocate for the advancement of early education and for the stimulation and motivation of young people in shaping behavior for positive growth.

The Association is governed by a board of directors which shall consist of no less than 7 nor more than 19 members of the Association and a board of trustees consisting of no less than 5 nor more than 15 members of the Association elected by the full membership at the annual meetings. Members of the board of directors and board of trustees are elected to staggered three year terms.

The Association operates the DeSoto Multi Cultural Community Center and has also contracted with the Corporation for National and Community Service to administer the Foster Grandparent Program. Foster Grandparents serve in schools, hospitals, drug treatment centers, juvenile offender facilities, Head Start centers, child care centers and other community and home-based sites. Among their diverse assignments, Foster Grandparents help children who have been abused, neglected, or are otherwise at risk; mentor troubled teenagers and young mothers; care for premature infants and children with physical disabilities; and teach reading to children who are falling behind grade level.

The Association's support comes primarily from membership dues, individual donor's contributions, and various government and arts agency grants.

DeSoto High School Alumni Association
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2006

Note 1 - Summary of Significant Accounting Policies:

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the board for specific purposes.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the board, and/or by the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the board. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

As of December 31, 2006, the Association had no temporarily or permanently restricted net assets.

Public Support and Revenue:

Annual Association membership fees and unconditional promises to give are recorded as unrestricted support as received.

Grants and other contributions of cash or other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time

DeSoto High School Alumni Association
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2006

Note 1 - Summary of Significant Accounting Policies: - (continued)

Public Support and Revenue: - (continued)

restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Cash Equivalents:

The Association considers deposits that can be redeemed on demand and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Financial Instruments:

The Association's financial instruments are cash and cash equivalents and accounts payable. The recorded values of cash and cash equivalents and accounts payable approximate their fair values based on their short-term nature.

Prepaid Expenses:

Payments made to vendors for services that will benefit periods beyond December 31, 2006 are recorded as prepaid expenses.

Furniture, Equipment, and Leasehold Improvements:

Furniture, equipment, and leasehold improvements are capitalized at cost. It is the Association's policy to capitalize expenditures for those items with cost in excess of \$800. Lesser amounts, minor replacements, maintenance and repairs are expensed as incurred. When furniture and equipment are retired or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Furniture and equipment are being depreciated over estimated useful lives of five to seven years using a straight -line method. Leasehold improvements are being amortized over useful lives of fifteen years.

DeSoto High School Alumni Association
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2006

Note 1 - Summary of Significant Accounting Policies: - (continued)

Deferred Revenues:

Deferred revenues arise when the Association receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Association has a legal claim to the resources, the liability for deferred revenue is removed from the statement of position and revenue is recognized.

As of December 31, 2006, the Association had no liability related to deferred revenues.

Compensated Absences:

All full-time employees of the Association earn from five (5) to twenty-five (25) days of vacation leave each year, depending on length of service. Employees are not allowed to carry forward earned vacation and forfeit, without pay, leave not taken during the calendar year. All full-time employees of the Association also earn two (2) personal days each year. Personal days not used in any calendar year are forfeited without pay. Payment in lieu of time off is prohibited.

Sick leave is provided to all full-time employees of the Association at the rate of one-half day per month and may be accumulated to a maximum of ten (10) days. Sick leave does not vest with the employee.

Income Taxes:

The Association is a non-profit organization as described in Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. No provision for income taxes has been made in these financial statements.

Estimates:

Preparing the Association's financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The actual results could differ from those estimates.

DeSoto High School Alumni Association
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2006

Note 2 – Furniture, Equipment, and Leasehold Improvements:

The following is a summary of changes in furniture, equipment, and leasehold improvements during 2006:

	Beginning Balance	Additions	Retirements	Ending Balance
Furniture and equipment	\$ 30,593	\$ 1,188	\$ (350)	\$ 31,431
Leasehold improvements	29,372	4,100	-	33,472
Total being depreciated	59,965	5,288	(350)	64,903
Less accumulated depreciation	13,239	7,007	(350)	19,896
Net Assets	<u>\$ 46,726</u>	<u>\$ (1,719)</u>	<u>\$ -</u>	<u>\$ 45,007</u>

Depreciation expense totaled \$5,209 and amortization expense totaled \$1,798 for the year ended December 31, 2006.

Note 3 – Donated Services:

The Association receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Note 4 – Board of Director's Compensation:

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

Note 4 – Cooperative Endeavor Agreement:

On September 6, 2006, the DeSoto High School Alumni Association entered into a cooperative endeavor agreement pursuant to the provisions of Section 14 (C) of Article VII of the Louisiana Constitution of 1974 with the DeSoto Parish School Board. Under the terms of this agreement, the DeSoto Parish School Board agreed to transfer and deliver the former DeSoto Junior High School buildings and site located at 1216 Old Jefferson Highway, Mansfield, Louisiana to the Association.

DeSoto High School Alumni Association
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2006

Note 4 – Cooperative Endeavor Agreement: - (continued)

The Association assumed full control and use of the DeSoto Junior High School buildings and site and is solely responsible for the costs and expense to operate and maintain the property and is required to carry specified insurance coverage.

The Association agreed to assist the School Board, at its sole cost and expense, to provide various programs including but not limited to: after-school study hall, remediation courses for elementary and secondary school students, summer school courses for students, tutoring for elementary and secondary school students, physical education such as softball and basketball, and counseling programs such as drug education.

In the event that the Association fails to provide education programs as set forth in the agreement, fails to adequately maintain the property, or fails to obtain and maintain the required insurance coverage, the property and all of its buildings, appurtenances, and accessories revert back to the full control and use of the DeSoto Parish School Board.

The Association has the right to terminate the agreement at any time by giving the School Board thirty (30) days written notice of its intent to terminate the agreement.

Note 5 – Economic Dependency:

The Association is dependent upon funds received through the Corporation for National and Community Services, Foster Grandparent Program. During 2006, \$219,672 or 81% of the Association's total revenues were derived through this source. Accordingly, any situation that adversely affects this contractual agreement would adversely affect the Association. The board is not aware of any situation that would significantly change the amount of revenue to be received through the Foster Grandparent Program during the next calendar year.

Note 6 – Contingencies, Risks and Uncertainties:

The Association is named as a defendant in certain lawsuits. The Association believes that the claims are without merit and plans to vigorously defend its position. The ultimate outcome of the litigation cannot presently be determined. However, in management's opinion, an adverse opinion in excess of insurance coverage is remote. Accordingly, adjustments, if any, which might result from the resolution of these claims, have not been reflected in the financial statements.

WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
the DeSoto High School Alumni Association
Mansfield, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the DeSoto High School Alumni Association, the Legislative Auditor, State of Louisiana, and the Governor's Office of Elderly Affairs solely to assist the users in evaluating management's assertions about the DeSoto High School Alumni Association's compliance with certain laws and regulations during the year ended December 31, 2006 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

<u>Grant Name</u>	<u>Grant Year</u>	<u>CFDA No.</u>	<u>Amount</u>
Foster Grandparent Program	10/1/05-9/30/06	94.011	\$ 174,695
Foster Grandparent Program	10/1/06-9/30/07	94.011	44,977
Office of Elderly Affairs	2006	N/A	12,507
			<u>\$ 232,179</u>

2. For each federal, state, and local award, I randomly selected six (6) disbursements from each award administered during the period under examination, provided that no more than thirty (30) disbursements would be selected.

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3. For the items selected in procedure 2, I traced the six disbursements to supporting documentation as to proper amount and payee.

I examined supporting documentation for each of the six selected disbursements and found that the payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, I determined if the six disbursements were properly coded to the correct fund and general ledger account.

One disbursement (check #6197) which was coded to uniform expense included \$844 which should have been coded to volunteer recognition.

5. For the items selected in procedure 2, I determined whether the six disbursements received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from proper authorities.

6. For the items selected in procedure 2, for federal awards, I determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the *Compliance Supplement* and, for state and local awards, I determined whether the disbursements complied with the grant agreement relating to:

Activities allowed or unallowed:

I reviewed the previously listed disbursements for types of services allowed or not allowed. All disbursements complied with the allowability requirements.

Eligibility:

I reviewed the previously listed disbursements for eligibility requirements. All disbursements complied with the eligibility requirements.

Reporting:

I reviewed the previously listed disbursements for reporting requirements. All disbursements complied with the reporting requirements.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, I compared the close-out report, when required, with the Association's financial records to determine whether the amounts agree.

The six disbursements selected included one federal program that was closed out during the period of my review. I compared the close out reports for this federal program with the Association's financial records. The amounts reported on the close-out report agreed to the Association's financial records.

Meetings

8. I examined evidence indicating the agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Desoto High School Alumni Association is only required to post a notice of each meeting and the accompanying agenda on the door of the Association's office building. Management has asserted that such documents were properly posted. In addition, I examined advertisements in the local newspaper announcing the date of the Association's meetings to the general public.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, I determined that each applicable federal, state, or local grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

The DeSoto High School Alumni Association provided comprehensive budgets to the applicable federal and state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

10. I reviewed any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

In the agreed-upon procedures engagement for the year ended December 31, 2005, I reported that the Association had not notified the general public of its meetings by posting a written notice at its principal office or by publication of the notice in the official journal. This comment has been resolved by management.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management' assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the DeSoto High School Alumni Association, the Legislative Auditor, State of Louisiana, and the Governor's Office of Elderly Affairs and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Shreveport, LA
August 9, 2007

DeSoto High School Alumni Association
Mansfield, Louisiana

Summary Schedule of Findings
For the Year Ended December 31, 2006

Item: 06-1:

Criteria or specific requirement:

Louisiana Revised Statute (LSA-R.S.) 24:513(A) (5) (a) requires the Association's financial review to be completed and filed with the Louisiana Legislative Auditor within six months of the close of the entity's fiscal year.

Condition:

The Association's review not completed and filed with the Louisiana Legislative Auditor on or before June 30, 2007.

Questioned costs:

None

Context:

The Association's annual reviewed financial statements were issued after the mandatory due date of June 30, 2007.

Effect:

The Association is not in compliance with Louisiana Revised Statute (LSA-R.S.) 24:513(A) (5) (a).

Cause:

A lightning strike at the office of the certified public accountant performing the review damaged the computer hardware containing the Association's files. It took several days to repair and replace the damaged hardware and to restore the data files. This delay caused the reviewed financial statements to be issued after the mandatory filing deadline.

Recommendation:

The Association should file its annual financial statements on or before June 30 each year.

DeSoto High School Alumni Association
Mansfield, Louisiana

Summary Schedule of Findings
For the Year Ended December 31, 2006

Management's Response:

The Association's financial statements will be filed in accordance with Louisiana Revised Statute (LSA-R.S.) 24:513(A) (5) (a).

DeSoto High School Alumni Association
Mansfield, Louisiana

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2006

Item: 2005-1

Condition:

The DeSoto High School Alumni Association has not notified the general public of its meetings by posting a written notice at its principal office or by publication of the notice in the official journal.

Status:

Resolved

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

May 4, 2007

William E. Weatherford, CPA, LLC

P. O. Box 5946

Shreveport, LA 71135

In connection with your review of our financial statements as of December 31, 2006 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of May 4, 2007.

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes ☒ No ☐

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Barbara Hubbard Secretary 5/14/07 Date
Wesley Jackson-Miller Treasurer 5/14/07 Date
Alan M. Hunt President 5/14/07 Date